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HEADLINE: RUSSIA THREE-PART ANALYSIS PART THREE - MOSCOW VIA LONDON
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BODY:

By Douglas Davis. (LONDON)-Reports in the Moscow media have suggested that two exiled oligarchs, Boris Berezovsky and Michael Cherney (Mikhail Chernoy), contracted the murder of Andrei Kozlov because he was planning to re-open the case of false banking letters. This was a scam in the early Nineties which permitted the Chechen mafia to withdraw hundreds of millions of dollars from Russias State Bank accounts using false banking letters of advice. Observers are puzzled by the linkage of Mr Kozlovs murder with the old banking scam, but they say the tactic of pinning the blame on out-of-favour oligarchs is typical of the Putin regime.

Mr Cherney, who settled in Israel in 1993, made his fortune during the privatisation of Russias aluminium industry, but quickly became the target of competitors, who launched an offensive aimed at securing a slice of Russias lucrative metals industry. According to Konstantin Borovoy, the founder of the first Russian commodity exchange and now a Democratic opposition leader, Mr Cherneys rivals invested \$20 million in a media campaign that was designed to blame Mr Cherney for the aluminium wars a series of contract murders of bankers and managers in the Russian metal industry during the Nineties. Some Russian analysts say that blowing the aluminium wars out of proportion allowed the Kremlin to successfully divert public attention from the real war that Russia was waging in Chechnya. Now, they say, history is repeating itself, with the oligarchs once again being set up to divert public attention from much larger scams. Meanwhile, Moscows interests in pursuing its anti-Ukrainian campaign are said to converge with those of the oligarchs who are said to be currently in favour with the Kremlin. One of the most important of them is said to be Oleg Deripaska, owner Russias aluminium giant, RusAl. Mr Deripaska now spends a considerable amount of time in London, where he reportedly paid GBP25 million for a grade-I listed Regency house in Belgrave Square several years ago. In addition to RusAl, he also controls GAZ, an automobile manufacturer; the aircraft producer Aviacar, and an insurance company, Ingosstrakh, among others. His wealth has been estimated at about GBP7.4 billion. And he is set to become even richer. Earlier this year, Mr Deripaska was reported to have signed a memorandum of understanding with Viktor Vekselberg, who controls Sual, another major Russian aluminium company. The successful merger

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would result in the creation of the single-largest aluminium producer in the world. The deal will hand Mr Deripaska a 75 per cent share of the new company, which will then have a monopoly in aluminium in Russia. According to Russian media reports, the deal has received the blessing of Mr Putin, effectively guaranteeing that the merger will not attract the attention of the anti-trust regulators. But as Mr Deripaska's fortune grows, so do the legal challenges he is facing. A London court is currently considering the suit brought by Ansol, a company formerly owned by Tajik Aluminum Smelter. Ansol alleges that, in addition to Mr Deripaska's failure to fulfill contractual agreements, he hired computer specialists to hack into the computers of Ansol's London lawyers and obtain sensitive information. Ansol's claims are partly based on the belief that RusAl's security department contains former members of the Russian Special Services who are likely to possess the relevant skills and have access to the relevant technology. Another suit against Mr Deripaska has been filed in the Commercial Court of the High Court in London on Friday, November 24, 2006 by Mr Cherney, who introduced Mr Deripaska to the metals business by making him his manager and then his partner. Mr Cherney is now seeking over \$3 billion, which, he says, represents 20 per cent of RusAl's stock for which Mr Cherney says he has yet to be paid. Sources in Moscow allege that Mr Deripaska is behind a new Russian media campaign that is targeting Mr Cherney. They also allege that the campaign is designed to send a message to the latter: a new criminal investigation against Cherney may be initiated in Moscow as a retaliation for his suit against Deripaska. In view of the rampant corruption in Russia and the allegedly close links between the Kremlin's most-favoured oligarchs and its legal agencies the threat is considered to be real. Russian media sources suspect that Mr Deripaska may have been involved in arranging criminal cases in Russia against his former partners, Anatoly Bykov, and the Zhivilo brothers, Mikhail and Yuri. The latter fled Russia, sued Mr Deripaska in the West and made him settle with them. Western law-enforcement agencies have long doubted the quality of cases brought against businessmen in Russia. British courts have twice rejected demands by the office of Russia's attorney-general to extradite Boris Berezovsky on charges which range from the theft of state property to plotting a coup. Instead, Mr Berezovsky has been granted political asylum in Britain. Meanwhile, Mr Cherney has also won cases in Israel, Bulgaria, Switzerland and France, where courts rejected allegations by his former Russian partners that he was involved in organised crime. These days, the West is more concerned about the Kremlin's hostile acts against its own dissidents than about the supposed "misdeeds" of oligarchs whom the Kremlin seeks to harass through its own deeply flawed legal processes.

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